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District of Columbia

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October 27, 1995

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FEDERAL COMMUNICATIONS COMMISSION
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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Suite 222
Washington, D.C. 20554

Re: CC Docket No. 95-115

Dear Mr. Caton:

Enclosed for filing please find an original and nine (9) copies of the "Reply Comments of the Office of the People's Counsel For the District of Columbia" in the above referenced proceeding.

Any questions regarding this matter may be directed to the undersigned.

Respectfully submitted,

Elizabeth A. Noël

Elizabeth A. Noel
People's Counsel

Enclosure

cc: All parties of record

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FEDERAL COMMUNICATIONS COMMISSION
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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

IN THE MATTER OF	)	
	)	
AMENDMENT OF THE COMMISSION'S RULES AND POLICIES TO INCREASE SUBSCRIBERSHIP AND USAGE OF THE PUBLIC SWITCHED NETWORK	))))	**CC Docket No. 95-115**

REPLY COMMENTS OF
THE OFFICE OF THE PEOPLE'S COUNSEL
FOR THE DISTRICT OF COLUMBIA

The Office of the People's Counsel for the District of Columbia (OPC-DC) hereby submits its Reply Comments in the above captioned proceeding pursuant to the Federal Communications Commission's (FCC or Commission) Notice of Proposed Rulemaking (NPRM) released July 20, 1995. As the statutory representative of utility ratepayers in the District of Columbia, OPC-DC welcomes the opportunity to reply to the comments submitted in the FCC's NPRM to increase subscribership and usage of the public switched network.

While OPC-DC supports the FCC's initiative to improve subscribership, OPC-DC strongly agrees with the majority of the commentors that the FCC should not mandate specific policies to be implemented on the state level. Rather, the FCC should declare its policy regarding increased subscribership and encourage states to implement and coordinate that policy. The Office believes that federal and state cooperation is vital in the effort to improve subscribership, especially since both the federal and state governments share the same goals. Nonetheless, every state does not share the same economic diversity or urban to rural ratios, or overall demographics. In addition, each state has its own utility regulatory commission charged with protecting the public interest. The various states act as laboratories in which utility matters specific to that state can be resolved most efficiently, taking into account the unique characteristics of the jurisdiction.. Under that premise, a national mandated solution to subscribership may not benefit each state. OPC-DC, therefore, recommends that the FCC establish recommendations rather than mandates to states on the policies discussed in the NPRM.[1]

I. Disconnect For Non-Payment

OPC-DC strongly supports the FCC's proposed rule to prohibit any common carrier from interrupting or disconnecting a telephone subscriber's local exchange service for failure to pay long distance charges. See NPRM at 4. According to a 1993 report completed by Bell Atlantic - Washington, D.C. Inc., (BA-DC) "[t]he primary reason that customers do not have telephone service is because they have not been able to pay the charges they have incurred for the services they have used."[2] The report goes on to conclude that "[b]y far, the largest component of the current outstanding balance for customers who are disconnected for non-payment is the level of interexchange carrier charges they have incurred for long distance services they have used."[3] It, therefore, makes no sense to permit a local service provider to discontinue a customer's local telephone service, when the majority of their outstanding bill is for long-distance charges --

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1 OPC-DC notes that this recommendation seems to be consistent among local exchange carriers, long-distance carriers, consumer advocates and state commissions.

2 The Chesapeake and Potomac Telephone Company's Submission of Telephone Penetration Studies, submitted in DCPSC Formal Case No. 850, at p. 2 (October 1, 1993).

3 Id. at 3.

services not provided by the local carrier.[4] With the approach of the twenty-first century, basic telephone service is becoming more and more essential. As a joint filing by four state consumer advocate offices stated in their comments, "our nation has come too far to allow young children to be raised in homes that do not even have access to emergency services."[5]

Even enlightened programs designed to maintain and improve telephone penetration rates are not sufficient solutions, in themselves, if disconnect for non-payment is permitted in a jurisdiction. For example, in the District of Columbia, penetration rates have declined since 1988,[6] while the rates for the U.S. as a whole and U.S. Central Cities have trended upward (See Attachment A.) In 1992, there was an extraordinarily large drop in the District's penetration rate, followed by a return in 1993 to the previous downward trend path. The precipitous drop in 1992 created much concern and the DCPSC, prompted by OPC-DC, ordered substantial revisions to existing low-income offerings. Economy II, a low-income, limited-call message rate service then priced at $3.83 per month and only available to seniors, was extended to all low-income households at a rate of $1.00 per month with no restrictions on the number of calls.[7] Thereafter, in 1994, the DCPSC approved the implementation of Message Rate "B" service, a toll restriction service that permitted more liberal payment arrangements on arrearages. However, Message Rate

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4 In the District of Columbia, BA-DC acts as a billing and collection agent for long distance carriers. It, of course, is prohibited from providing long-distance service.

5 See Response of the State Consumer Advocates of Delaware, Florida, Maine and Missouri (SCA) to FCC Notice of Proposed Rulemaking at 5.

6 In 1988, the first year of the decline, the D.C. penetration rate was greater than the national average.

7 Currently, qualifying non-seniors with dependants are required to pay $3.00 per month and have a 120 call restriction.

"B" service was only made available to customers who had been denied service for non-payment, or whose service had been threatened.

Despite these programs, to date, the District's penetration rate is only 92.0%, nearly 2 percentage points below the March 1995 national average of 93.9%.[8] Contrary to Bell Atlantic's assertion in its comments,[9] these services, along with other low-income discounts, did not adequately address the District's low subscribership. Prohibiting disconnect for non-payment, on the other hand, would more adequately address the District's declining subscribership.

OPC-DC, therefore, strongly supports the Pennsylvania and Maine Public Utility Commissions' initiative to encourage carriers to provide Multiple Balance Billing as a means of addressing universal service goals. [10] As the Pennsylvania Public Utility Commission (PaPUC) explained in their comments, Multiple Balance Billing is merely a computerized method of separating customers' total amount due into separate baskets of services. For example, a monthly telephone bill will include a separate charge for basic services, discretionary services, and toll charges. Under Multiple Balance Billing, utilities track payments according to the individual baskets designated in the billing statement in an effort to decrease basic service arrearages. By requiring payment to be applied first to basic service arrearages, the customer is at least assured a dialtone and penetration is maintained or improved. This is consistent with federal efforts to protect universal service and penetration.

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[8] March 1995 Penetration Data released by the FCC.

[9] See Comments of Bell Atlantic at A-4.

[10] See Initial Comments of the Pennsylvania Public Utility Commission on the Notice of Proposed Rulemaking at 7; Comments filed by the Maine Public Utility Commission at 3.

From the utilities' perspective, Multiple Balance Billing should be beneficial because it keeps customers on the network, and, by requiring itemization of services, it prepares the LEC for the upcoming demands of competition such as unbundling, which the LECs will have to face in the near future.

OPC-DC, therefore, strongly supports any initiative the FCC adopts to encourage the prohibition of disconnect for non-payment of long-distance charges and would highly recommend the adoption of a policy that encourages Multiple Balance Billing for local exchange service.[11]

II. Voluntary Toll Restriction Service

OPC-DC also supports the FCC's initiative to encourage carriers to offer voluntary long-distance blocking services. As the FCC noted with reference to Pennsylvania's high penetration rate, "voluntary toll restriction may be essential to maintain and promote subscribership..." See NPRM at 8. OPC-DC also recognizes the FCC's concern that such services are often priced higher than customers can afford and are therefore inaccessible.

While BA-DC offers a voluntary long-distance blocking service for a one-time $10 charge with a $3 monthly fee, in other Bell Atlantic jurisdictions, this service is offered free of charge upon initiating telephone service or after toll service has been suspended. OPC-DC believes that all ratepayers should be entitled to elect to restrict their long-distance service without paying a fee if they do so at the initiation of service or after disconnection. To that end, OPC-DC supports the SCA's recommendation that the FCC take a firm stand to encourage the states to unbundle

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[11] State PUCs are in the best position to evaluate the specifics of such solutions as Multiple Balance Billing and to ensure that the resulting burden of any rate adjustment is equitably distributed to all classes of subscribers.

interstate long distance from local exchange service.[12]

In addition, OPC-DC agrees with the PaPUC that the FCC should examine whether the Federal Subscriber Line charge, which is assessed to recover non-traffic sensitive costs associated with access to the toll network, should be assessed to customers who voluntarily block their toll access.[13]

III. Assistance With Connection Charges and Deposits

OPC-DC recognizes that once service has been disconnected, installation charges often cause significant if not prohibitive barriers to reconnection. While OPC-DC is pleased that the FCC is concerned about deposit requirements for low-income subscribers that accept toll restriction services, OPC-DC would encourage the FCC to go further and adopt a policy similar to those in place in Colorado and New York. In Colorado, LECs cannot require deposits for services (including long-distance service) that they do not provide.[14] In New York, LECs cannot require deposits from any residential customer except seasonal or short term customers who are delinquent.[15]

OPC-DC also supports the concept of graduated deposits that correlate with the monthly dollar amount of long-distance service. However, as we explained in the previous paragraph, OPC-DC opposes any policy that permits local carriers to collect deposits for services they do not provide. Therefore, to the extent that the FCC's proposed adjustments are directed to long-

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[12] See SCA Comments at 4.

[13] See PaPUC Comments at 10.

[14] See Colorado Public Utilities Commission Comments at 9.

[15] See Comments of the New York State Department of Public Service at 6.

distance carriers, OPC is in favor of a program that allows customers to pay long-distance deposits in installments.

IV. Services Targeted To Low Income Populations That Are Highly Mobile

OPC-DC supports the FCC's inquiry into the provision of low cost services targeted to meet the needs of those with low incomes or non-permanent living arrangements. Services such as prepaid calling cards and voice mailboxes in homeless shelters are already available in the District. OPC-DC strongly supports the promotion of such non-traditional services in the ongoing effort to promote increased telephone access.[16]

V. Consumer Awareness

In addition, OPC-DC strongly supports the FCC's examination of measures to increase consumer awareness of subscribership options. Awareness of the opportunity to subscribe to various cost-saving plans is essential if a state wishes to improve penetration. Consumer outreach programs in the District attempt to raise public awareness of available discount programs and other service options. Nonetheless, the Office still receives daily calls from consumers facing disconnection who are unaware of the service options available to them.

In examining its own outreach effort with respect to the District, even Bell Atlantic notes in its comments that they have only had "fair" results to date.[17] In an effort to improve penetration rates, OPC-DC recommends that the FCC encourage carriers to redefine their public awareness programs and restructure outreach efforts to more closely resemble marketing programs. In doing so, utilities may have more success connecting customers to the network since the company's focus will emphasize the

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16 See SCA Comments at 5.

17 See Comments of Bell Atlantic at A-3, A-4.

benefits of subscribership rather than overcoming the barriers of nonsubscribership. In addition, OPC-DC agrees with the comments submitted by the SCA regarding the implementation of telephone directory requirements that include easy-to-read informational pages that will provide necessary information to prospective customers.

VI. Conclusion

OPC-DC respectfully requests that the Commission favorable consider the above recommendations in adopting policy that will address the penetration problems facing consumers. While OPC-DC strongly supports the FCC's initiative to improve subscribership, we oppose a mandated national solution to the penetration problem. Rather, OPC-DC respectfully submits that the FCC review the policy initiatives discussed in the NPRM and the comments submitted by the parties, and then strongly encourage state commissions to use selected initiatives in shaping the specific programs necessary to address particular state needs.

Respectfully Submitted,

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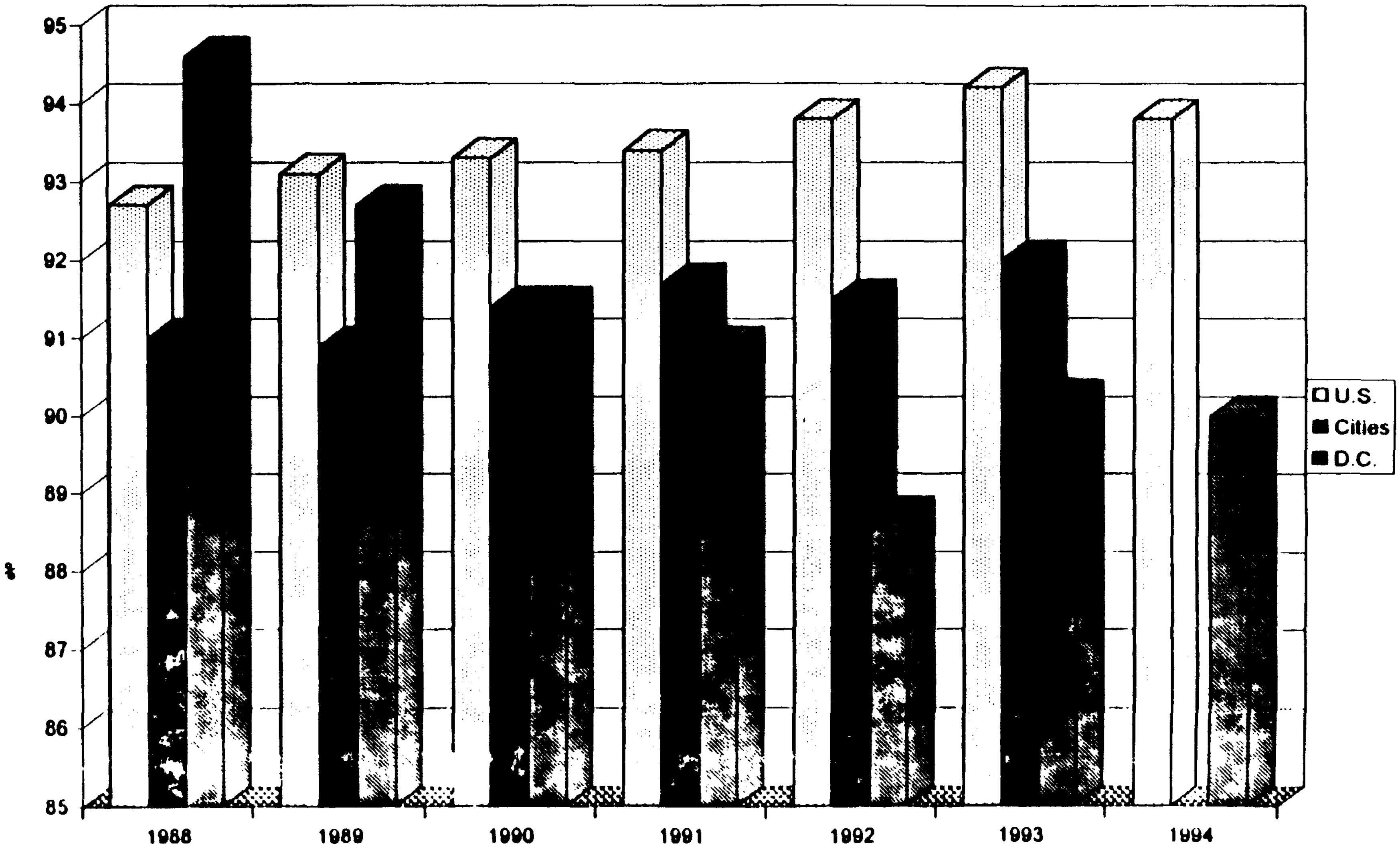
Date: October 27, 1995

Telephone Penetration Rate Comparison
All U.S. vs. Central Cities vs. District of Columbia



Sources: Rutgers University, Universal Service from the Bottom Up: A Profile of Telecommunications Access in Camden, NJ, Table 2a, and Federal Communications Commission, Telephone Subscribership in the United States, April 1995.

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